

November 30, 2004

A special meeting of the Redmond City Council was called to order by Mayor Rosemarie Ives at 7:30 p.m., pursuant to notice, in the Council Chambers. Councilmembers present were: Cole, Marchione, McCormick, Paine, Resha, Robinson, and Vache.

ORDINANCE - ADOPTION OF THE FINAL 2005-2006 BUDGET AND CAPITAL IMPROVEMENT PROGRAM

The Mayor in a memorandum to the City Council dated November 23, 2004, recommended the adoption of the ordinance to establish the final 2005-2006 budget in an amount of \$374,555,704.

Motion by Mr. Paine, seconded by Mr. Resha, to approve Ordinance No. 2234, adopting the Final 2005-2006 Budget and Capital Improvement Program.

Ordinance No. 2234 of the City of Redmond, Washington, adopting the final 2005-2006 Budget of the city commencing January 1, 2005, was presented and read.

Upon a poll of the Council, Marchione, McCormick, Paine, Resha, Robinson, and Vache voted aye. Motion carried (6 - 1) with Cole voting nay.

ORDINANCE - ADOPTION OF THE 2005 PROPERTY TAX LEVY

The Mayor in a memorandum to the City Council dated November 23, 2004, recommended the adoption of the ordinance to establish the 2005 regular property tax levy at \$11,901,755 and the excess levy at \$2,421,037.

Motion by Mr. Paine, seconded by Mr. Marchione, to approve Ordinance No. 2235 adopting the 2005 property tax levy.

Ordinance No. 2235 of the City of Redmond, Washington, levying property taxes for the City of Redmond for the fiscal year commencing January 1, 2005, on all property, both real and personal, in said city which is subject to taxation for the purpose of paying sufficient revenue to carry on the general operations and pay debt service obligations of said city for the ensuing year as required by law, was presented and read.

Upon a poll of the Council, Marchione, Paine, Resha, Robinson, and Vache voted aye. Motion carried

(5 - 2) with Cole and McCormick
voting nay.

Councilmember McCormick stated that she voted against the motion because she expects the long-range financial strategy that the Council would adopt next year to involve a larger tax increase proposal for the public. Therefore, she concluded, her vote was a symbolic no vote.

ORDINANCE - ADOPTION OF THE NEW WATER AND SEWER RATES,
REVISING LOW INCOME LIMITS, AND MAKING CERTAIN
ADMINISTRATIVE CHANGES

The Mayor in a memorandum to the City Council dated November 23, 2004, recommended the adoption of the ordinance establishing new water and sewer rates and other administrative changes.

Motion by Mr. Paine, seconded by Ms McCormick, to approve Ordinance No. 2236, adopting the new water and sewer rates, revising low income limits, and making certain administrative changes.

Ordinance No. 2236 of the City of Redmond, Washington, amending Sections 13.16.020, 13.16.030, and 13.16.050(A) of the Redmond Municipal Code in order to increase water and hydrant rates and to revise the method of determining income for purposes of the "Low Income Senior Citizen" and "Low Income Disabled Citizen" credit for utility charges; amending Subsections 13.17.080(A) and 13.17.080(E) and adding a new Subsection 13.17.080(F) to the Redmond Municipal Code in order to revise the time at which interest may be imposed on delinquent accounts, to acknowledge a change in state law regarding lien filings, and to authorize administrative adjustment of utility charges, fees, penalties, and interest under certain circumstances; providing for severability and establishing an effective date, was presented and read.

Upon a poll of the Council, Cole, Marchione, McCormick, Paine, Resha, Robinson, and Vache voted aye.
Motion carried unanimously (7 - 0).

ORDINANCE - STORMWATER UTILITY RATES

The Mayor in a memorandum to the City Council dated November 23, 2004, recommended the adoption of an

ordinance increasing the base amount for monthly stormwater service to \$17.85.

The Council, during budget deliberations, indicated that it preferred the \$11.50 rate proposed under Alternative Three in the memorandum.

Motion by Ms. McCormick, seconded by Mr. Vache, to approve Ordinance No. 2237, increasing the base amount for monthly Stormwater Utility service to \$11.50 per month.

Ordinance No. 2237 of the City of Redmond, Washington, amending Section 13.18.050(B) of the Redmond Municipal Code to increase the base amount for monthly Stormwater Utility service at \$11.50 per impervious unit, providing for severability and establishing an effective date, was presented and read.

Upon a poll of the Council, Cole, Marchione, McCormick, Paine, Resha, Robinson, and Vache voted aye. Motion carried unanimously (7 - 0).

ORDINANCE - INCREASE THE BUSINESS LICENSE FEE AND OTHER ADMINISTRATIVE MODIFICATIONS

The Mayor in a memorandum to the City Council dated November 23, 2004, recommended the adoption of an ordinance increasing the business tax by \$16.50 for a total rate of \$84 per full-time equivalent (FTE), which would yield an estimated \$2 million in revenue for the General Fund over the 2005-2006 biennium, and continue to generate approximately \$3.5 million annually or \$7 million over the biennium for transportation improvements.

The Council, during budget deliberations, indicated it would support an increase in the business license tax by \$15.75 for a total rate of \$83.25 per full-time equivalent.

Motion by Mr. Paine, seconded by Ms. McCormick, to approve Ordinance No. 2238, increasing the business license tax effective January 1, 2005 to a total rate of \$83.25 per full-time equivalent (FTE) and making other administrative modifications.

Ordinance No. 2238 of the City of Redmond, Washington, amending Chapter 5.04 of the Redmond Municipal Code regarding business license requirements; increasing

business license fees; making other modifications for effective administration; providing for severability; and establishing an effective date, was presented and read.

Upon a poll of the Council, Marchione, McCormick, Paine, Resha, Robinson, and Vache voted aye. Motion carried (6 - 1) with Cole voting nay.

ORDINANCE - INCREASE THE UTILITY TAX RATE FROM FIVE AND ONE-HALF PERCENT (5.5%) TO SIX PERCENT (6%)

The Mayor in a memorandum to the City Council dated November 23, 2004, reported that increasing the city's tax rate to six percent (6%) would yield an additional \$1.4 million in utility tax revenue for the General Fund, and recommended adoption of the ordinance.

The Council, during budget deliberations, indicated that it preferred the alternative action contained in the memorandum, which would increase the utility tax rate from five point five percent (5.5%) to five and eight-tenths percent (5.8%).

Motion by Mr. Paine, seconded by Ms. McCormick, to approve Ordinance No. 2239, increasing the utility tax rate from five point five percent (5.5%) to five and eight-tenths percent (5.8%).

Ordinance No. 2239 of the City of Redmond, Washington, amending Subsections 5.44.050(a), (b), and (c) of the Redmond Municipal Code in order to increase the tax rate on telephone business, electric light and power and natural or manufactured gas services from five and one-half percent (5.5%) to five and eight-tenths percent (5.8%), and amending the definition of telephone business in Subsection 5.44.020(E) of the Redmond Municipal Code, was presented and read.

Upon a poll of the Council, Marchione, McCormick, Paine, Resha, Robinson, and Vache voted aye. Motion carried (6 - 1) with Cole voting nay.

Councilmembers thanked the Mayor, Strategic Leadership Team, Lenda Crawford, and Finance Department staff, and each other for their trust, collaboration, and compromises to make the budget a reality. In

particular, they recognized Councilmember Paine's leadership and the innovative efforts of Councilmembers Marchione, Resha, and Vache with outcome based budgeting. Several spoke about their commitment to develop a long-term financial strategy in 2005.

Councilmember Robinson expressed his disappointment that the Council did not agree to index the business license tax so that transportation improvement funding could keep pace with inflation.

Councilmember Cole acknowledged staff's work on the budget. He stated he was disappointed with the budget and the budget process. Specifically, he noted that the budget was submitted later than the Council had requested, it contained surprises and accounting gimmicks; it used one-time money to fund ongoing programs; it reduced the operating reserve from ten percent (10%) to eight and one-half percent (8.5%); it raised taxes for an unknown pension contingency; and did not address the staffing at Fire Station 17.

The Mayor thanked the Council for their collaboration and compromises during the budget process and stated that approval of this budget represents a new beginning. Together, she continued, we have learned more about what we do as a city, that Redmond works, and have gained a new awareness and sensitivity about each other. She especially thanked Councilmembers Paine and McCormick for their leadership and the willingness of the Council to show initiative. She noted that the Council worked hard to keep the discussions at the policy level and exhibited the capacity to lead and make decisions. She concluded the Council and administration will be faced with a significant strategic process in 2005 and was confident that she and the Council would work together toward the common vision through the Council's identified goals of communication, diversity, and regionalism.

ADJOURNMENT

There being no further business to come before the Council, the Mayor declared the special meeting adjourned at 8:20 p.m.

MAYOR

CITY CLERK